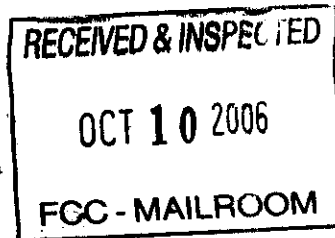


October 2, 2006



Subject: Re: Federal-State Joint Board on Universal Service CC Docket 96-45

As someone concerned about increased taxes and telephone fees, I oppose the big phone companies' plan to change the way monies are collected for the Universal Service Fund. This is absolutely unfair and just another example of corporate greed.

The plan being pushed by the big phone companies and some in Congress would change the Universal Service Fund (USF) collection methodology from a "pay-for-what-you-use" system to a "monthly flat-fee." This flat-fee system would result in forced phone bill hikes for me -- and for millions of low-volume, long-distance users in the U.S. Shifting the funding burden of the USF away from high-volume users -- like big businesses -- and placing the weight on low-volume users -- students, prepaid wireless users, senior citizens and low-income residential and rural consumers -- is unfair. I URGE YOU AND the FCC to reject this flat-fee plan. It is a de-facto tax increase of as much as \$707 million for 43 million of low-volume, long-distance users in the U.S.

Please pass along my concerns to the FCC on my behalf, letting them know that your constituents have contacted you to oppose a USF numbers or flat-fee plan. Thank you for your continued work. I look forward to hearing about your position on this matter.

The Universal Service Fund (USF) subsidizes telephone service for schools, libraries, rural areas and in low income communities so that all Americans can have adequate access to telephone service. The dollars collected to fund the USF are currently calculated by the FCC on the amount of long-distance minutes you use -- so people who make lots of long-distance calls pay more and people who make only a few long-distance calls pay less. But now the FCC is thinking about changing that so that everyone would pay the same amount no matter how many long-distance minutes you use.

*Imagine, if you use only \$1 of long distance a month, you would pay THE SAME as someone who uses \$1,000 a month? Does that seem fair? Of course not.*

The FCC's proposed new radical "flat fee" shifts the tax burden from large corporate long-distance users to residential and small business telephone users, many of whom use little or no long-distance. The change will hurt seniors, students, minorities and rural residents -- those who can least afford it -- the most. Please help stop this.

*Sincerely,  
Donna Babich  
"a concerned citizen"*

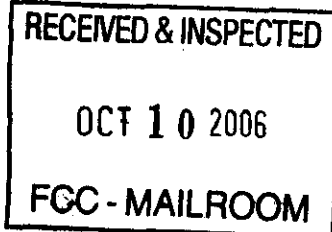
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**Paul Hudson**  
Chairman

**Julie Parsley**  
Commissioner

**Barry T. Smitherman**  
Commissioner

**W. Lane Lanford**  
Executive Director



## ***Public Utility Commission of Texas***

Marlene H. Dortch - Secretary  
Federal Communications Commission  
445 Twelfth Street, S.W. - TWA 325  
Washington, D.C. 20554

Irene Flannery - Vice-President of High Cost and Low Income Divisions  
Universal Service Administrative Company  
2000 L. Street, NW - Suite 200  
Washington, D.C. 20036

February 28, 2006

**RE: *Federal-State Joint Board on Universal Service, CC Docket No. 96-45***

**TPUC Project No. 25787 - FCC Letters Regarding ETC Designation Pursuant to FTA '96 §214(e) (2)**

**TPUC Docket No. 33061 – Application of TerraCom, Inc. d/b/a Texas TerraCom for Designation as an Eligible Telecommunications Carrier and as an Eligible Telecommunications Provider**

### **ETC Designation of TerraCom, Inc.**

Pursuant to Section 214(e) (2) of the Communications Act of 1934, as amended (the "Act") and 47 C.F.R. sections 54.201 – 54.203, the Texas Public Utility Commission (TPUC) has granted eligible telecommunications carrier (ETC) designation to TerraCom, Inc. d/b/a Texas TerraCom (TerraCom). The attached *Order No. 3*, Docket No. 33061, issued on September 25, 2006 grants TerraCom ETC designation in all of the Texas wire centers of non-rural local exchange carrier AT&T Texas, specifically as indicated in the list of wire centers appended to TerraCom's application as Attachment B.

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If you require any additional information please call Rick Talbot at (512)-936-7257.



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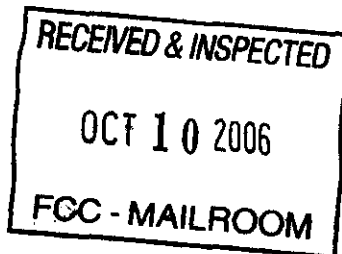
Sincerely,

A handwritten signature in black ink, appearing to read "Rick Talbot". The signature is fluid and cursive, with the first name "Rick" and last name "Talbot" clearly distinguishable.

Rick Talbot – Policy Analyst  
Communication Industry Oversight Division - Texas Public Utility Commission

cc: attachments

PATUSF\33061-TerraCom ETC-ETP\33061 TerraCom FCC USAC Letter.doc



RECEIVED

DOCKET NO. 33061

2006 SEP 25 AM 11:21  
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APPLICATION OF TERRACOM, INC. §  
D/B/A/ TEXAS TERRACOM FOR §  
DESIGNATION AS AN ELIGIBLE §  
TELECOMMUNICATIONS CARRIER §  
AND AS AN ELIGIBLE §  
TELECOMMUNICATIONS PROVIDER §

PUBLIC UTILITY COMMISSION  
FILING CLERK  
OF TEXAS

**ORDER NO. 3  
NOTICE OF APPROVAL FOR DESIGNATION AS  
AN ELIGIBLE TELECOMMUNICATIONS PROVIDER  
AND AS AN ELIGIBLE TELECOMMUNICATIONS CARRIER**

***Procedural History***

On August 11, 2006, TerraCom, Inc. d/b/a Texas TerraCom (TerraCom) filed an application for designation as an eligible telecommunications provider (ETP) pursuant to P.U.C. SUBST. R. 26.417 and as an eligible telecommunications carrier (ETC) pursuant to P.U.C. SUBST. R. 26.418. TerraCom sought ETP and ETC designation throughout all exchanges of AT&T Texas, specifically the AT&T Texas wire centers listed in Attachment B of its application. In addition, TerraCom sought a waiver of P.U.C. SUBST. R. 26.417(c)(1)(A) so that the ETC and ETP applications may be processed simultaneously. No party intervened in this proceeding.

On September 21, 2006, Commission Staff (Staff) filed its recommendation that TerraCom be granted ETC and ETP designation based on the following:

***Designation as Eligible Telecommunications Carrier***

To qualify for ETC status a carrier must meet the following criteria:<sup>1</sup>

- 1.) The company must be a common carrier as defined by Federal Telecommunications Act of 1996 (FTA '96), Section 3(10).

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<sup>1</sup> 47 C.F.R. §54.201 (b-d).

- 2.) The company must offer the following services,<sup>2</sup> using its own facilities or a combination of its own facilities and the resale of another carrier's services:<sup>3</sup>
- a. Voice grade access to the public switched network,
  - b. Local usage,
  - c. Dual Tone Multi Frequency signaling or equivalent,
  - d. Single party service or its equivalent,
  - e. Access to 911 or enhanced 911,
  - f. Access to operator services,
  - g. Access to interexchange service,
  - h. Access to directory assistance,
  - i. Toll blocking for qualifying low income customers, and
  - j. Toll control for qualifying low-income customers.
- 3.) The company must advertise the availability of the above services and the charges for the services in media of general distribution.<sup>4</sup>
- 4.) The company must provide Lifeline and Link Up support and may not collect a deposit from a customer receiving such support if the customer also elects toll blocking.<sup>5</sup>

TerraCom meets all of the above criteria. TerraCom Lifeline and Link Up tariffs are on file with the Commission.

TerraCom has not requested any waivers of Federal Communications Commission (FCC) requirements. TerraCom commits to offer toll limitation services in accordance with 47 C.F.R. §§ 54.400 and 54.401.

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<sup>2</sup> 47.C.F.R. §54.101.

<sup>3</sup> 47 C.F.R. §54.201.

<sup>4</sup> 47 C.F.R. §54.201.

<sup>5</sup> 47 C.F.R. §54.405.

AT&T Texas serves the exchanges for which TerraCom requests Universal Service Fund (USF) support. AT&T Texas is not a rural carrier.

Staff's analysis of the application concludes that TerraCom meets all requirements established by the FCC for designation as an ETC.

***Designation as Eligible Telecommunications Provider***

P.U.C. SUBST. R. 26.417(f)(1)(B)(i)(I) requires carriers applying for ETP status to meet the definition of a local exchange carrier (LEC) as defined in P.U.C. SUBST. R. 26.5. TerraCom meets this definition.

P.U.C. SUBST. R. 26.417(f)(1)(B)(i)(II) requires carriers applying for ETP status to show that they have been granted ETC status for federal universal service support pursuant to U.S.C. §214(e). ETP and ETC designations are being handled concurrently in this consolidated docket.

P.U.C. SUBST. R. 26.417(f)(1)(B)(i)(III) requires carriers to specify the Texas High Cost Universal Service Plan (THCUSP) or small or rural incumbent local exchange carrier (ILEC) service area in which they propose to be an ETP. TerraCom specifies AT&T Texas wire centers, which is a THCUSP service area.

P.U.C. SUBST. R. 26.417(f)(1)(B)(i)(III) requires applicants for ETP status to show that they offer the designated services defined in P.U.C. SUBST. R. 26.403 throughout the THCUSP or small and rural ILEC service area for which the carriers seek ETP status. The designated services required for ETP status are:

1. Flat rate single party service including primary directory listings;
2. Tone dialing;
3. Access to Operator Services;
4. Access to Directory Assistance Services;
5. Access to 911 service when provided by local authority;
6. Dual Party Relay service;

7. Ability to report service problems seven days a week;
8. Availability of annual local directory;
9. Access to toll service; and
10. Lifeline and Link Up Services.

P.U.C. SUBST. R. 26.417(f)(1)(B)(i)(III) also requires applicants to assume the obligation to provide the services required under P.U.C. SUBST. R. 26.403 to any customer. TerraCom stated that it meets and assumes the responsibility to offer the basic services defined in P.U.C. SUBST. R. 26.403 to all customers throughout the areas for which it seeks ETP designation.

P.U.C. SUBST. R. 26.417(f)(1)(B)(i)(IV) requires that applicants show they offer the designated services through a means other than total service resale. TerraCom offers services through the use of its facilities and purchased unbundled network elements, and therefore meets this requirement.

P.U.C. SUBST. R. 26.417(f)(1)(B)(i)(V) – (VI) requires applicants to show that they have offered continuous service that meets the quality of service standards in P.U.C. SUBST. R. 26.52 – 26.54, and that they offer Lifeline and Link Up services in compliance with P.U.C. SUBST. R. 26.412. TerraCom meets these requirements. P.U.C. SUBST. R. 26.417(f)(1)(B)(i)(VII) requires applicants to advertise the availability of, and charges for, the designated services using media of general distribution. TerraCom commits to meeting this requirement.

TerraCom has also committed to offering the required designated services at a rate not to exceed 150% of the ILEC's tariffed rate in the same designated areas pursuant to the requirements of P.U.C. SUBST. R. 26.417(c)(1)(B).

Staff's analysis of the application concludes that TerraCom meets the requirements established by P.U.C. SUBST. R. 26.417 for designation as an ETP.

***Ordering Paragraph***

In accordance with Staff's recommendation and for all the reasons stated therein, TerraCom is granted a good cause waiver of P.U.C. SUBST. R. 26.417(c)(1)(A) so that the ETC and ETP applications may be processed simultaneously. TerraCom is granted ETC and ETP designation throughout all exchanges of AT&T Texas, specifically the AT&T Texas wire centers listed in Attachment B of its application.

SIGNED AT AUSTIN, TEXAS the 25<sup>th</sup> day of September 2006.

PUBLIC UTILITY COMMISSION OF TEXAS

  
\_\_\_\_\_  
ANDREW KANG  
ADMINISTRATIVE LAW JUDGE